

ORDER NO. 5745

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Competitive Product Prices
International Priority Airmail, Commercial ePacket,
Priority Mail Express International, Priority Mail
International & First-Class Package International
Service Contract 5 (MC2020-166)
Negotiated Service Agreements

Docket No. CP2020-189

ORDER APPROVING MODIFICATION ONE TO
INTERNATIONAL PRIORITY AIRMAIL, COMMERCIAL EPACKET, PRIORITY MAIL
EXPRESS INTERNATIONAL, PRIORITY MAIL INTERNATIONAL & FIRST-CLASS
PACKAGE INTERNATIONAL SERVICE NEGOTIATED SERVICE AGREEMENT

(Issued October 30, 2020)

I. INTRODUCTION

The Postal Service seeks to modify an International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class

Package International Service negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

II. BACKGROUND

In Order No. 5569, the Commission approved the International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 5 negotiated service agreement (Existing Agreement).² On October 6, 2020, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement.

The Postal Service will notify the mailer of the effective date of the Modification. Notice, Attachment 1 at 2.

On October 8, 2020, Chairman's Information Request (CHIR) No. 1 was issued.³ CHIR No. 1 asked the Postal Service to correct a filing error, and to confirm whether the Modification is a change in rates for which revised financial workpapers should be filed. CHIR No. 1, questions 1 and 2. The Postal Service filed its response on October 15, 2020, correcting the filing error and stating that the modification is not a change in rates.⁴

On October 21, 2020, CHIR No. 2 was issued.⁵ CHIR No. 2 asked the Postal Service to provide additional detail to verify that the Modification is not a change in

¹ Docket Nos. MC2020-166 and CP2020-189, Notice of the United States Postal Service of Filing Modification One to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 5 Negotiated Service Agreement, October 6, 2020 (Notice). The Modification is an attachment to the Notice (Modification).

² See Docket Nos. MC2020-159, *et al.*, Order Adding International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International, and First-Class Package International Service Contracts to the Competitive Product List, June 29, 2020 (Order No. 5569).

³ Chairman's Information Request No. 1, October 8, 2020 (CHIR No. 1).

⁴ Docket Nos. MC2020-166 and CP2020-189, Response of the United States Postal Service to Chairman's Information Request No. 1, October 15, 2020 (Response to CHIR No. 1).

⁵ Chairman's Information Request No. 2 and Notice of Filing Under Seal, October 21, 2020 (CHIR No. 2).

rates. The Postal Service filed its response on October 28, 2020, providing the requested detail.⁶

III. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the responses to the CHIRs.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Modification makes multiple revisions to the language of the contract in order to add duty and tax chargeback service to the Agreement. See Notice at 1; *Id.* Attachment 1 at 1-2.

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

Filing practices. The Postal Service unnecessarily filed the Notice and subsequent related filings in both Docket No. MC2020-166 and in Docket No. CP2020-189. The Commission notes that amendments and modifications to specific Negotiated

⁶ Docket Nos. MC2020-166 and CP2020-189, Response of the United States Postal Service to Chairman's Information Request No. 2, October 28, 2020 (Response to CHIR No. 2).

Service Agreements should be filed only in the corresponding competitive product docket.

Other considerations. The Postal Service will notify the mailer of the effective date of the Modification. Notice, Attachment 1 at 2.

If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 5 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the scheduled expiration date.

By the Commission.

Erica A. Barker
Secretary